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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

8 October 1981

25X1 MEMORANDUM FOR: [REDACTED]
Chairman, National Intelligence Council

25X1 FROM : [REDACTED]
Acting National Intelligence Officer for USSR-EE

SUBJECT : SIG Meeting (9 October) on East-West Economic Policy. [REDACTED]

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1. The Yamburg Pipeline issue is the only item on the agenda for the meeting which is to be chaired by Mike Rashish. The DOE paper on "Energy Alternatives to the Northwest Siberian Pipeline" (at Tab A) is the only agenda paper tabled. As might be expected, the paper offers thin pickings, and this is readily acknowledged in Peter Borré's covering memo. Additional comments by CIA's energy analysts on the options discussed are attached at Tab B. [REDACTED]

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2. The only option for increasing energy supplies to Western Europe that looks at all hopeful to our analysts is the possibility of persuading the Dutch to extend its long-term gas supply contracts to its EC partners by a few years. The Dutch are the low-cost suppliers (at \$3.32 per tcf.) and their contracts will begin to run out by 1978. The Dutch are strongly committed to conserving their gas supplies for domestic use; but they have managed to increase their reserves in the last two years, while both exports and domestic demand has declined. They might view the Soviet pipeline as a new source of supply that could make Dutch gas exports redundant. But getting the Dutch to reverse their position in time to affect Yamburg is dubious. [REDACTED]

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4. Additional Background

I have attached at Tab D some additional background papers:

- ° The minutes of the last SIG meeting on this subject.
- ° My memo to you on the [REDACTED] proposal.
- ° Your memo to the SIG members on the politics and economics of Yamburg.
- ° CIA's response to Mike Rashish's questions on Yamburg.
- ° CIA's paper on the status of the negotiations.

Finally, [REDACTED] has asked our energy people for some additional data on the price negotiations that he will discuss with you before the meeting tomorrow. [REDACTED]



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Attachments:
As Stated

cc: D/NFAC
NIO/E

[REDACTED] OPP/IAS